

Message Text

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ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 EB-11 AGR-20 AID-20 CIAE-00

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7061

INFO AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADLAYA

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJECT: WEEKLY FOODGRAIN SITUATION

REF: NEW DELHI 11101

BEGIN SUMMARY - FOODGRAIN SUPPLIES FOR DISTRIBUTION THROUGH STATE-CONTROLLED CHANNELS IN INDIA IS CURRENTLY AT THE LOWEST LEVEL OF THE YEAR.

THIS DEFICIENCY IS, HOWEVER, BEING OVERCOME PARTLY BY (I) INCREASED MARKETING OF HOARDED STOCKS IN PRIVATE HANDS, (II) UNUSUALLY LARGE SUPPLIES OF FRUITS AND VEGETABLES, AND (III) THE ARRIVAL OF EARLY MATURING HYBRID VARIETIES OF NEW CROP COARSE GRAINS IN SEVERAL PARTS OF THE COUNTRY. PROSPECTS OF AN UNUSUALLY GOOD FOODGRAIN HARVEST ONLY A FEW WEEKS AWAY ARE HAVING A FAVORABLE PSYCHOLOGICAL EFFECT. TOP OFFICIALS IN LIMITED OFFICIAL USE

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THE MINISTRY OF AGRICULTURE BELIEVES THAT THE 1973-74 RICE CROP

WILL REACH OR PROBABLY EXCEED THE PRODUCTION TARGET OF 45 MILLION TONS. END SUMMARY.

1. INDIA IS NOW AT THE POINT, IMMEDIATELY PRECEDING THE FALL HARVEST OF FOODGRAINS, WHERE FOODGRAIN SUPPLIES FOR DISTRIBUTION THROUGH STATE CONTROLLED OUTLETS ARE AT THE LOWEST LEVEL OF THE YEAR. GOI OFFICIALS STATE THAT DESPITE REDUCED STOCKS, THE CENTER WILL DISTRIBUTE 800,000 TONS OF FOODGRAINS TO THE ST
MES DURING OCTOBER. IN PREVIOUS MONTHS, HOWEVER, ACTUAL DELIVERIES FROM CENTRAL STOCKS HAVE FALLEN BELOW COMMITMENTS. SHORTFALL IN DISTRIBUTION OF FOODGRAINS THROUGH STATE CONTROLLED OUTLETS IS BEING OVERCOME IN PART BY INCREASED MARKETING OF HOARDED STOCKS AND BY LARGE SUPPLIES OF FRIUTS AND VEGETABLES. A THIRD FACTOR WHICH IS HELPING TO OVERCOME THE CURRENT FOOD SHORTAGE PROBLEM IS THE PSYCHOLOGICAL ADVANTAGE OF KNOWING THAT AN UNUSUALLY GOOD FOODGRAIN HARVEST IS ONLY A FEW WEEKS AWAY. IN SEVERAL AREAS OF INDIA, EARLY MATURING HYBRID VARIETIES OF GRAINS ARE NOW BEING HARVESTED AND MARKETED WHICH IS ESPECIALLY BENEFICIAL IN OVERCOMING FOOD DEFICITS IN RURAL AREAS. CONGEN BOMBAY WAS INFORMED BY A MAHARASHTRA GOVERNMENT OFFICIAL THAT GROWING AVAILABILITY OF BAJRA (SPIKED MILLET) AND OTHER LOCALLY-HARVESTED FOODGRAINS IN MAHARASHTRA WILL SOON HELP TO DIVERT SOME FOODGRAINS FORMERLY DESTINED FOR FAIR PRICE SHOPS IN RURAL AREAS TO LARGER URBAN CENTERS INCLUDING BOMBAY.

2. DURING THE PAST WEEK OPPOSITION PARTIES SPONSORED FOOFR DEMONSTRATIONS IN CALCUTTA, BOMBAY, DELHI AND SOME PARTS OF MADHYA PRADESH. MOST OF THESE DEMONSTRATIONS WERE NON-VIOLENT IN CHARACTER.

3. ACCORDING TO INFORMATION CURRENTLY AVAILABLE THE GOI HAS PURCHASED APPROXIMATELY 2.1 MILLION TONS OF FOODGRAINS FROM ABROAD SINCE MID-SUMMER. THIS INCLUDES ABOUT 600,000 TONS OF MILO FROM US AND ARGENTINA AND ABOUT 1.5 MILLION TONS OF WHEAT FROM US AND CANADA. CANADA IS SUPPLYING ABOUT 150,000 TONS OF WHEAT AND THE REMAINDER IS COMING FROM THE US. THIS MEANS THAT GOI'S TOTAL PURCHASES OF FOODGRAINS SINCE NOVEMBER 1972 TOTALS ABOUT 3.8 MILLION TONS. WE UNDERSTAND THA THE GOI IS CHANGING ITS IMPORT PURCHASING POLICY AND WILL MAKE PURCHASES ON A MONTH LIMITED OFFICIAL USE

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TO MONTH BASIS INSTEAD OF TRYING TO MAKE "BARGAIN BUYS" SUCH AS WAS ACCOMPLISHED BY THE SOVIETS LAST YEAR.

4. MONSOON RAINS RESUMED OVER LARGE PARTS OF INDIA DURING THE WEEK ENDING SEPTEMBER 26. THESE RAINS WERE SPECIALLY BENEFICIAL TO GRAIN CROPS NOW IN THE HEADING STAGE. THE OVERALL PERFORMANCE OF THE MONSOON SINCE JUNE 1 IS RATED GOOD TO EXCELLENT IN MOST PARTS OF INDIA. IN FACT 34 OUT OF 35 WEATHER ZONES HAVE RECEIVED

AVERAGE OR ABOVE AVERAGE RAINFALL DURING THIS PERIOD. CROP
PROSPECTS FOR THE COUNTRY AS A WHOLE ARE VERY GOOD. TOP OFFICIALS
IN THE GOI AGRICULTURAL MINISTRY BELIEVE THAT THE 1973-74
RICE CROP WILL REACH OR POSSIBLY EXCEED THE PRODUCTION TARGET
OF 45 MILLION TONS.
SCHNEIDER

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